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# The American Observer

A free, virtuous and enlightened people must know well the great principles and causes on which their happiness depends. — James Monroe

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## Employment Lags in Upswing of Recovery

Despite March of Business Toward Recovery, Unemployment Remains Above 10 Million

### BUSINESS BLAMES NEW DEAL

But Roosevelt Supporters Claim Rising Tide Is Due to Policies Launched Since 1933

Scarcely a week passes without the publication of glowing reports to the effect that we are on the road to recovery. Business indexes, whatever their origin, point to the fact that business is better. The barometer by which the condition of the nation's business is measured has been mounting. Industrial production, freight car-loadings, and the dozens of other items which are used to make up the business index or barometer have been climbing. They have not yet reached the 1929 level, but many of them are gradually pushing toward that mark. From whatever standard measured, business is definitely better. Recovery appears to be on the way. The depression seems to be lifting.

#### The Unemployed

There is one fly in the recovery ointment. The employment picture is less rosy than that of general recovery. Unemployment remains our most serious national problem. True, there have been gains since the low point of the depression, when there were probably more than 15,000,000 people, more than a third of all those normally gainfully employed, who were out of work. Today, the unemployment rolls number at least 10,000,000, even if conservative estimates are used. At least 15 per cent of the American people are dependent upon public relief for their subsistence.

One of the principal difficulties with the unemployment problem is that we have no reliable statistics on the subject. Fairly dependable statistics were compiled six years ago when the Bureau of the Census made a nation-wide enumeration of the unemployed. Since that time a number of proposals for a thoroughgoing census of the unemployed have been made, but they have all been pushed aside for one reason or another. We are thus obliged to depend wholly upon unofficial estimates, a number of which are made and kept up to date.

The three estimates which are most frequently used in considering the question of unemployment are those of the American Federation of Labor, the National Industrial Conference Board, and the one of Robert R. Nathan of the United States Department of Commerce. The A. F. of L. estimate generally is much higher than the other two; that of the National Industrial Conference Board is the lowest, and Mr. Nathan's is between the two. It was the latter estimates that were used by the President's Committee on Economic Security in the preparation of the unemployment insurance provisions of the Social Security Act.

When the census of unemployment was taken in 1930, it was found that there was a total of 3,200,000 persons who could be classified as unemployed. All statisticians felt that this was a highly conservative total; nevertheless, that figure has been used in computing the extent of unemployment

(Concluded on page 8)



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This peaceful scene at the entrance to the Suez Canal gives no hint that the region is becoming a theater of bitter international rivalry.

## A Note on England

"One returns (to London) remembering last May, which brought the brilliant pageant of the late King George's jubilee—what it was like then. There was sunshine in England, the air was like champagne, the countryside was a welter of perfumed blossom and in London the parks were in all their glory.

"Beyond and above all that, there was great joy throughout the land. The World War and its aftermath had faded to distant memories. The dark days of economic distress were brightening and the bright sun of economic prosperity seemed just ahead. Never had the people of England felt so united, so secure, so powerful and confident as in the emotion of that week.

"London is just the same outwardly this week. Again there is the perfume of hawthorn and appleblossom in the surrounding countryside. The parks are a vision of painted satin against a background of ancient gray and green. Two hundred thousand tulips have been set out and they are in full bloom. The bluebells are out in the woods and Kew Gardens are one great azure carpet. Outwardly it is the same England.

"Yet something is changed. One senses it almost immediately and sets about seeking what it is. One realizes presently that it is a matter of spirit. That conviction of strength and security that one noted last year is missing. It is so obvious after a while that nobody remembering last year could mistake it, and the reasons are equally plain.

"The sense of unity has gone with the good King who exemplified it and has passed, leaving a new and untried ruler, though of great promise, in his place. But it has been wrecked not by the change in the monarchy but by political squabbles and a growing revolt against Prime Minister Stanley Baldwin, who came in with such glowing prospects only last June.

"The sense of strength has gone because of what Italy has been able to do to British prestige in the last year and under the threat of what another and more powerful neighbor now feverishly rearming may be able to do in the immediate future.

"The sense of security has gone because after years of slumber the people are now awakening to the perils they face from dictatorships they hate because they are a negation of their own British principles.

"They are not fully awake yet, though, or there would be an uprising which would shake this government to its foundations and cast into outer darkness some political dreamers of the past. But they are awakening and beginning to ask, under the stimulus of speeches in Parliament reinforced by the news from abroad, how the government could have lulled them into so false a sense of security and why even now it moves so slowly."

—Frederick T. Birchall in *The New York Times*

## Britain Watches Her Empire in Near East

Warns Italy Against Inciting Revolt Among Populations of Egypt and Palestine

### SEES INTERESTS THREATENED

Riots and Demonstrations in Protest of British Policy Bring up Long-Standing Problems

It is commonly said that the British, as a people, hate to think seriously of their national and imperial problems. They prefer to "muddle through," confident that in the end matters will reach a conclusion satisfactory to their interests. The attitude which has prevailed among most Englishmen is that the empire is such a titan, such an overwhelming force, that the sheer might of its vast position and prestige is sufficient to guarantee protection against all evils and all obstacles.

But lately this complacent view of things has suffered a rude jolt. Englishmen, reared in the tradition of imperial strength, have been forced to look on while His Majesty's Government suffered a humiliation at the hands of a people whom they had always considered incomparably weaker than themselves. That Italy under Mussolini could successfully defy British opposition and conquer the whole of Ethiopia has come as a blow to the majority of British subjects. They never thought that the prestige of the empire could be so severely shaken.

#### The Near East

In consequence of this incident, Englishmen today are giving more serious thought to the position of the empire than they are wont to give. They are wondering if this challenge to their supremacy is to be followed by other and greater challenges in the future. Particularly they are concerned over their interests in the Mediterranean and the Near East. Will Italy, now that she has won such a success in Ethiopia, move to extend her new empire at the expense of Great Britain? The possibility of such an attempt on the part of Italy seems remote at the present time, but there is no doubt that thoughts of Imperial Italy's ambitions are causing much uneasiness in Great Britain. The new "Italian menace" is one of the reasons giving impetus to the large armament building program.

Recent events have brought out the mounting friction between the British and the Italians. A few days ago Prime Minister Stanley Baldwin took occasion to warn Italy in the House of Commons that interference with the affairs of Egypt and Palestine would not be permitted. Shortly afterward Foreign Minister Anthony Eden charged that the Italians were inciting the populations of India and Palestine to revolt by means of radio speeches broadcast in native tongues. The British believe that the Italians have been instrumental in bringing on the troubles they have recently had, and are having, in Egypt and Palestine. British policy has long been a source of dissatisfaction to the people in those countries, and to see the Italians adding fuel to the fire is causing much annoyance to Britain.

It may be that Mussolini is intent only upon making a nuisance of himself in the Near East in order to force the British to

come to terms on the Ethiopian problem. He has conquered that country, but the British continue to lead the nations in refusing to recognize his conquest. League penalties remain in force. Haile Selassie, with the full title of emperor, is being brought to London. British resistance to the new Roman Empire still holds strong.

#### Egypt

But whatever may be the motives of Mussolini, and whatever may be the effects of Italian propaganda in Egypt and Palestine, there is no doubt that the British are greatly concerned over developments in those countries. Events in Egypt reached a critical stage some months ago when students and other nationalists engaged in riots and demonstrations in behalf of complete independence and popular government. These elements of the Egyptian population want to achieve what has been beyond the power of Egyptians for 25 centuries—freedom and self-rule. During that long period the land of the Pharaohs has successively been under the control of Persia, Greece, Rome, Turkey, and finally Great Britain. For a short time, early in the nineteenth century, Egypt enjoyed a measure of independence, and today she is officially invested with freedom, having her own king and her own parliament. The British, however, who moved into Egypt in 1882 to protect their interests in the Suez Canal, have a grip on the country and are unwilling to let it go completely. Britain has, moreover, a stake in the Anglo-Egyptian Sudan which lies directly beyond Egypt. For these reasons she feels she must keep a hand in Egyptian affairs. Her imperial interests demand it.

But the British have made certain concessions to Egyptian demands for independence and are prepared to make others. In 1922 they agreed to terminate the protectorate over the country which had been established during the war, and they allowed Egypt to become an "independent and sovereign" nation. This "sovereignty," to be sure, was more a matter of form than of fact. In several important respects the British continued their domination over Egypt. They still looked after the defense of the Suez Canal; they undertook to protect foreign interests in Egypt and to guarantee the defense of the country against foreign aggression; finally, they reserved all their rights with regard to the Sudan, a territory controlled jointly by Britain and Egypt.

It was agreed that in time a treaty should be negotiated to regulate Anglo-Italian relations with regard to these matters. In the meantime, Britain continued to look after her interests with her own troops and her own officials just as she had formerly.

Since 1922 five attempts have been made to conclude a treaty between Egypt and Great Britain, each time without success. The latest and most promising effort was

made in 1930 when agreement was reached on all points except that involving the Sudan. The Egyptians, who would like to have this territory to themselves, laid greater claims to the region than the British were willing to grant. At length, all negotiations were abandoned.

Hand in hand with the struggle for complete independence has gone the battle for democratic government. The "independence" declaration of 1922 made a kingdom of Egypt and resulted in a fairly democratic constitution. However, parliamentary procedure encountered opposition from King Fuad I, a shrewd man who worked diligently to increase his own powers, and from the British who were not anxious to see Egypt become too independently minded. On two occasions, prior to 1930, the constitution was all but suspended and the country ruled by a dictatorship manipulated by the king. In 1929 there was a brief revival of parliamentary government, but in 1930, after the failure of negotiations for a new treaty with England, the king engineered the writing of a new constitution which restored the dictatorship and threatened to end all hope of democratic rule for Egypt.

But the Egyptian nationalists, who had fought for independence through so many years, did not give up. They had the knowledge that their party, the Wafd, had wide popular support. Pressure was brought to bear and they managed, in 1934, to have the distasteful 1930 constitution abolished, although a return to democracy was delayed.

#### Crisis Develops

The conflict between Italy and Ethiopia (in which Egypt's vital importance to Britain was dramatically demonstrated) brought matters to a crisis. Egyptian resentment mounted because of the way the British used their country for military and naval preparations without consulting them. And when Foreign Minister Sir Samuel Hoare tactlessly remarked that Britain would decide the matter of another constitution for Egypt the storm broke. Students demonstrated and rioted in Cairo and lives were lost. The agitation became so pronounced that the British capitulated. They permitted the restoration of the more democratic 1923 constitution and paved the way for new elections. They agreed to renew negotiations for a treaty to settle the differences which have been hanging fire since 1922.

The elections were held last month and, as was expected, they resulted in an overwhelming victory for the Wafdis. At the same time King Fuad died, and while he was recognized as an able man, his death



—By Johnson

#### EGYPT AND PALESTINE

does not seem to have been greatly regretted. His 16-year-old son, King Farouk, is a more popular figure.

Thus, it is possible that the Egyptians will make greater strides toward independence than they have been able to make in the past. Democratic government has been restored and a new treaty is in process of negotiation. It is by no means certain, however, that the negotiations in this instance will be more successful than they have been in the past. The British, alive to the necessity of maintaining a strong position in the Near East, mindful of the increased importance of Egypt, and fearing a movement on the part of Italy to extend her control in Africa, will proceed cautiously in making concessions. They have indicated that they can no longer offer as much as they did in 1930, when agreement was so nearly reached, and unless they do, it is unlikely that the Egyptians will come to terms. The Egyptians proved very hard to deal with in 1930; they will hardly be more tractable in 1936.

#### Palestine

The problem of Palestine presents much greater difficulties for the British than that of Egypt. Britain has a League of Nations mandate over Palestine and is pledged in addition to promote the building of a national home for the Jewish people in the country. The immigration of Jews, however, enrages the Arabs of Palestine and they are at present engaged in a campaign of rioting and civil disobedience in an effort to force Britain to stop the immigration and to prevent the sale of land to the Jews.

The Palestine question is argued endlessly by Jew and Arab proponents. The Arabs, who number about 800,000, declare that Palestine is being changed from an Arab nation to a Jewish nation. After the war there were only a few Jews in the country. Today there are about 400,000 and if the rate of immigration continues, the Jews will dominate in another 10 years. The Arabs complain that their land is being sold to the Jews and that their most valued resources are falling into Jewish hands. The wealthy Arab landowners are bitter about the threat to their position and are among the chief advocates of revolt.

And there are deeper causes for the wrath of the Arabs. They represent the Orient with all the particularities of that civilization. But the Jew is a Westerner and is bringing Western ideas and practices into the country. The Arab resents this bitterly. Finally, there is the fact that the Arab is Mohammedan and, as such, hates the Jew.

The Jews have ready arguments to reply to these Arab complaints. They point out that there is plenty of room to care for all Jews and Arabs in Palestine and in adjacent Transjordania. The Jews, moreover, are reclaiming great stretches of land in Palestine and are giving the Arabs a share in it. They have brought a prosperity to the country which it has never seen, and are developing it along lines which promise abundance for both Jew and Arab. Why should the Arab complain?

The Jews go on to say that Palestine is historically their home and that they should be allowed to return to it if they wish. There should be at least one spot on earth which the wandering Jew can call his home.



LAND OWNED BY JEWISH ORGANIZATIONS IN PALESTINE IN 1931

The Jews of Palestine cannot understand why the Arabs resist them so strenuously. The land they buy is purchased mostly from large landowners and not from the poor Arab who forms the bulk of the population. There is every proof that the influx of Jews has been of great material benefit to the Arabs.

Every visitor to Palestine remarks upon the wonderful progress which the Jews are making. They are establishing agricultural colonies, operated on a voluntary communistic basis, which are becoming models of efficiency and achievement. Their thrift and good management has brought a surplus of \$30,000,000 to the Palestinian treasury. On every side there is prosperity.

But still the Arab resents the intrusion. He would rather be poor without the Jews than rich with them. Many students of the problem wonder if the differences between the two races will ever become reconciled. The latest wave of rioting has claimed many lives and the Arabs are determined to continue their disobedience until Jewish immigration is stopped and the sale of land prohibited.

There is reason to believe that events in Egypt have had an influence on events in Palestine. There are young Arabs who have been awakened to nationalistic sentiments by the success of Egyptian students, and by stirrings among the Arab populations of other Near Eastern countries. They feel that now is the time to strike. In a few years the Jews will become too strong and at the present time Britain is sorely pressed by a multitude of problems. If they wait their hopes must die.

The British have shown their concern to the extent of deciding to send a commission of inquiry to Palestine in order to weigh the demands of the Arabs. They are certain, however, to continue the policy of permitting Jewish immigration and land purchase and thus no solution to this exceedingly difficult question is in sight.



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EGYPT'S NEW KING  
Young King Farouk (left) was greeted with great enthusiasm when he rode into Cairo a few days after the death of his father, Fuad I.

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# AROUND THE WORLD

**Belgium:** Parliamentary elections in Belgium have resulted in a victory for the Socialist party, making it probable that Emile Vandervelde, leader of the Socialists, will be appointed premier to succeed Paul van Zeeland, the present incumbent of that office. Actually, the Socialist party showed a loss in strength, its representation in the Chamber of Deputies having been decreased by three seats. Since the three center parties, ruling the country by a coalition cabinet, all lost heavily, however, the Socialists emerge as the strongest single faction.

The striking fact of this election is not the Socialist victory but the phenomenal strength of the fascist group, the Rexists. Six months ago, a young man, Léon Degrelle, formed a new party, whose aims and methods have invited comparison with the Nazis in Germany. Within this short time, Degrelle has gained so many adherents that he was able to capture at least 21 seats in the new chamber of deputies, as against 70 by the long-established and victorious Socialists.

Léon Degrelle has announced that he will not support a socialist government. He hopes soon to be called to power himself. His program calls for a strong monarchist state, a corporative economic system, vaguely modeled after Italy and the removal of corruption from finance and politics.

\* \* \*

**Cuba:** With the inauguration of Dr. Miguel Mariano Gomez, Cuba now has a constitutional president for the first time in three years. Since 1933, the island republic has been ruled by provisional governments, which have been unstable and for the most part incapable of maintaining order.

There is genuine hope that the régime of Dr. Gomez will be more long-lived than that of his predecessors. As the son of a former president, much admired by the Cubans, he will have the support of a large number of his people. As mayor of Havana, he has shown himself a capable and honest administrator. It is a question, however, whether popularity and administrative ability will be enough to solve the problems bound to face him. The backbone of any Cuban régime is still the army of Colonel Fulgencio Batista. This young military leader has managed to have his followers in all the important government posts. To replace these men with civilians and relegate the army to administration of defense alone, will require a great deal of ingenuity. This is especially true if Colonel Batista does not happen to agree with Gomez on what constitutes good government.

Further difficulties to be met by the new president include the government deficits. Cuba now has a national debt of \$250,000,000, which is mounting yearly. Further taxation is impossible. The only economy likely to be made is by reducing overstuffed government departments. Such a step, however, would antagonize those politicians who supported Gomez in the hope of getting jobs. To all this is added the purely economic difficulties of the Cuban peasant to whom the pursuit of his daily bread is said to be even more vital than the bickerings of the political leaders.

\* \* \*

**Estonia:** Worried by the impending threats to European stability, the foreign ministers of Estonia, Latvia, and Lithuania have gathered to find a common policy in the event of war.

These three states, forming the Baltic Entente, were all created to satisfy national-



THE AGENCY OF DICTATORSHIP  
Mussolini presides at a meeting of the Fascist Grand Council, chief organ of Italy's government

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istic ambitions. Relying frankly upon the League of Nations for their protection, the failure of the League in the Ethiopian crisis becomes to them a matter of vital concern. Lithuania still has disputes awaiting settlement and she fears that these disputes may easily be converted into a pretext for an aggressive war. Hitler covets the port of Memel. Poland occupies the important city of Vilna, despite Lithuanian claims to possession.

Estonia and Latvia get along rather well with their neighbors. The threat to their independence lies largely in their small size and in the instability of their own governments. In both these countries, as in Lithuania, democratic government has been replaced by a succession of petty dictatorships. In Lithuania all political parties have been suppressed. Estonia has a popularly elected government but it has not yet been permitted to function. And a new experiment in legislation, by which their country will be governed by no less than five chambers, has thrown the Latvians into confusion.

It has become apparent to the foreign ministers that in the face of this external and internal disorder, the only protection for their peoples lies in an alliance with some great power. With whom that alliance is contemplated by the Baltic Entente is not yet revealed, but it is significant that the military staffs of these countries have been carrying on conversations with Russian officials.

\* \* \*

**Netherlands:** "We remain convinced that the church and our country will be grievously damaged and the fulfilling of the

task of bringing grace will be rendered impossible when the Nazi movement gets the upper hand.

"Therefore, we, the shepherds of your souls, in full knowledge of our responsibility, declare that those who materially support this movement will be banned from the sacraments."

These words were the substance of a pastoral letter to their followers from the Archbishop of Utrecht, head of the Roman Catholic church in the Netherlands, and his associate bishops. They evidence an increasing fear that the Nazis may obtain important influence in the government and bring about the subjection to politics which the Catholic church has experienced in Germany. Of the 60,000 members of the Nazi party in Holland, one quarter are adherents to the Catholic faith. Hitherto, persuasion alone has been used by the church to restrain its members from joining the Nazi party. But this method has not been successful, so final resort has been made to the religious ban.

Whether it will be the crushing blow to the Nazis which the Catholic church hopes for, it is still too early to say. There is no doubt, however, in the minds of observers that by this gesture a new and portentous factor has been thrown into the European political situation. New, because for many years the Vatican has avoided any overt attempt to influence the political trends of any state. It has been content with obtaining for its devotees freedom of worship and religious expression. Portentous, because it indicates that the Catholic church will not idly sit by while a movement, dangerous to religious freedom, continues to grow in power. If such an inter-

pretation of this pastoral letter is accurate, then there is a likelihood that the growth of Hitlerism outside Germany will be severely checked.

\* \* \*

**Mexico:** With the encouragement of President Lazaro Cardenas, the women of Mexico are seeking to take their proper place in the political and economic life of their country. A strong feminist movement has now gained the support of the National Revolutionary party, which holds the reins of government, and has been promised legal recognition. The aims of this movement include equal rights and opportunities for women, equal pay for men and women when both do the same work, the right to vote and hold office now not universally granted women in all the Mexican states.

In addition to these purely legal rights, the feminists seek a program of social improvement involving the establishment of collective laundry, sewing, and other household services to aid the poorer classes; employment agencies where women may easily find a job; special courts of justice where women will be protected in their rights and in the rights of their children; and an extensive educational crusade.

\* \* \*

**India:** Though India this month entered upon a changed political era, under a thoroughly revised constitution to be administered by Lord Linlithgow, Britain's outstanding student of Indian problems, there are still indications that all hopes for a period of sustained quiet in this eastern empire may be rudely shattered.

The people of India have chosen as president of the Nationalist Congress, Pandit Jawaharlal Nehru, a young aggressive leader, who has gained immense influence among his countrymen during recent years. In his opening address, Mr. Nehru made it clear that his policy toward Britain would be a hostile one. He hopes to organize the peasantry and the trade unions into militant camps to fight British rule.

This attitude has proved to be a great disappointment to Mahatma Gandhi. Gandhi is no lover of the British. Yet he is realist despite his saintly habits. He well realizes that to offer strong resistance to English rule would only invite repressive measures with consequent bloodshed and hardship for the Indian people.

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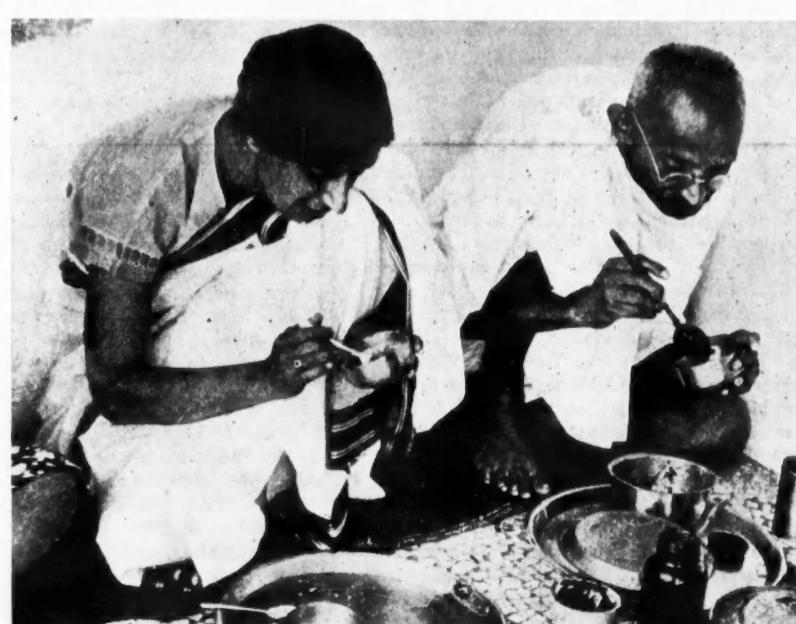
J. H. Thomas, British colonial secretary, submitted his resignation to Prime Minister Baldwin, following charges that he had been responsible for disclosing a rise in income tax in the budget submitted in April by Chancellor of the Exchequer Chamberlain. Until the day on which it was announced, the budget is supposed to remain a sacred secret among members of the cabinet. Such a stir was created in England by the charges against Mr. Thomas that it is unlikely he can again hold high office.

\* \* \*

The increase in tariffs on textiles coming to the United States from Japan, which was announced last week, has led Japanese officials to consider ways and means to take similar measures against American goods entering Japan.

\* \* \*

A new Austrian decree makes Chancellor Kurt Shuschnigg sole dictator of his people, giving him undisputed authority over the Heimwehr troops of his rival, Prince Ernst von Starhemberg. The prince has been given two jobs in the meanwhile: sports leader and president of the Mother's Help League.



A SECLUDED FIGURE

Mahatma Gandhi, famous Indian leader, has withdrawn from active political life and is seldom heard from any more.

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STEADILY IN THE LIMELIGHT

Governor Alf M. Landon of Kansas is already receiving all the attention and publicity of a presidential candidate. He is shown here after a commencement address to a Kansas high school.

### Townsend Takes a Walk

The investigation of the Townsend movement by the House of Representatives, which began last April, came to an abrupt close when Dr. Francis E. Townsend, founder of the old-age pension plan, walked out from a congressional committee room in high dudgeon.

For several days the doctor had been answering questions of the investigating committee. He found the questions extremely irritating. Testimony had been presented which purported to show that the Townsend movement was a sheer money-making scheme for the personal enrichment of the leaders. All these accusations were denied by Dr. Townsend. He claimed that he had no selfish motives at all and that he was simply interested in bringing about a better social order. But the committee was nevertheless persistent in its attempt to elicit a confession from the doctor that his organization was not wholly based on idealism. Dr. Townsend became indignant, charged the committee with taking an unfriendly attitude, and stalked out of the committee chamber.

Later he announced that he would not permit any of his lieutenants, nor himself, to give further testimony even if this refusal meant



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MARTYR? Dr. Francis E. Townsend who refused to continue appearance before the House committee investigating the activities of the Townsend organization.

his arrest. The House has been wondering whether it should cite Dr. Townsend for contempt and run the risk of having him assume the role of martyr.

### Last Days

Congress is once more entering the final stages of a session. Before the end of the week, it hopes to have put the final touches on legislation upon which action must be taken so that members may catch the first trains home or to the political conventions. The President is anxious to have Congress finish the session so that the stage may be com-

pletely cleared for politics; and cleared it will be, for the country will hear nothing much but politics from the time Congress closes shop until the nation goes to the polls in November.

There are only two really important measures left for Congress to act upon before it enters the wind-up stage. One is the tax bill, which is still in a state of confusion, having been practically rewritten by the Senate after the House had passed a measure along the lines of the President's recommendations. The other measure is the \$1,425,000,000 relief bill, which the President insists must be passed if the unemployed are to be cared for after the present funds have been used. There are, of course, a number of minor bills, some of which undoubtedly will be passed and others pigeonholed until a new Congress convenes next January.

The present session of Congress offers a strange contrast to the previous New Deal Congresses. It has been notable more for the important legislation that it has failed to pass than for the laws it has placed on the statute books. Almost from the beginning, both parties have played politics, with little constructive action taken. When it adjourns, it will have to its record only a few pieces of really important legislation, and they will have been adopted only because of the absolute necessity for action.

### Another Ruling

Just a week after it had placed its veto on the Guffey coal bill, the United States Supreme Court last Monday, in another split decision, threw out another piece of New Deal legislation on the ground that it violated the Constitution. This law was the Municipal Bankruptcy Act of 1934, which Congress passed to relieve cities, towns, and other local governments which were unable to pay their debts. The object of the law was to permit local governments, provided the state in which they were located agreed, and a certain percentage of the creditors gave their consent, to readjust their debts so as to make payments easier. In the case which reached the Supreme Court, for example, a group of bondholders of a certain water improvement district in Texas charged that the district did not have the right to pay off the bonds at the rate of 50 cents on the dollar, with money provided by the Reconstruction Finance Corporation. The water district had complied with the provisions of the law by having obtained the consent of the state of Texas and the required number of creditors.

The five justices of the Court—McReynolds, Van Devanter, Sutherland, Butler, and Roberts—who handed down the majority decision, ruled that Congress went beyond its powers in passing the law. The reasoning was that no state had the right to pass such a law as the Municipal Bankruptcy Act because the Constitution specifically provides that "no state shall pass any law impairing the obligation of contracts." Since the states do not have such a right, the majority contended, the federal government has no such authority. "Nor do we think she (the state) can accomplish the same by granting any permission necessary to enable Congress to do so. Neither consent nor

submission by the states can enlarge the powers of Congress; none can exist except those which are granted. . . . The sovereignty of the state essential to its proper functioning under the federal Constitution cannot be surrendered; it cannot be taken away by any form of legislation."

In this case, Chief Justice Hughes sided with the minority, composed of Justices Cardozo, Brandeis, and Stone, and upheld the constitutionality of the bankruptcy law. Justice Cardozo, who read the decision of the minority, pointed out that at the beginning of 1934, more than 2,000 local governmental units were in default on their debts. Creditors held more than a billion dollars worth of such securities, it was pointed out. "Often the holders of the bonds to the extent of 90 per cent or more were ready to scale down the obligation and put the debtor on its feet," the decision read. "A recalcitrant minority had capacity to block the plan. Nor was there hope for relief from statutes to be enacted by the states. The Constitution prohibits the states from passing any

They will, however, campaign vigorously on a platform demanding the public ownership of key industries; adoption of a farmers' amendment to the Constitution giving Congress wide powers to legislate in agriculture and industry; a slum clearance program; adequate social insurance; higher taxes on those able to pay; genuine freedom of speech; the curtailment of armaments, and abandonment of all imperialistic ventures.

### The Black Legion

A weird pattern of black-hooded robes, rides by night, of hangings and flogging on lonely roads, of oaths writ in blood at the point of a gun, and of strange ceremonial came to light in the state of Michigan last week, as the culmination of an inquiry into the death of a young WPA employee.

From the confusing array of detail, it is only possible as yet to sketch vaguely a movement that has attracted nationwide interest. During the past few years, a number of people in Michigan have been mysteriously slain. Authorities were baffled. On May 13, Charles A. Poole, 32-year-old government worker, was found shot. Investigation revealed that he had been the victim of a ritual murder by an organization calling itself the Black Legion. A number of men confessed, authorities say, to having participated in this shooting. Further inquiry showed that the organization had been formed in 1933 in the suburbs of Detroit and that it had been carrying on terroristic activities. Modeled after the Ku Klux Klan, it directed a campaign against Catholics, Jews, Communists, and Negroes. Members, invited to join the organization, could not refuse, nor could they ever resign. Each one of them pledged himself to obtain arms in order to carry out the orders of his superior officer. According to the Michigan police, the Black Legion sought to establish a dictatorship in the United States when "the time is ripe."

Leaders of the Black Legion, with luxuriously lengthened titles, claimed that their organization has a membership of 135,000 in Michigan alone and that the number throughout the country reaches several millions.

### Filene Resigns

For a good many years, Edward A. Filene, prominent Boston merchant, has been hammering away at the idea that workers of the United States must receive higher wages if they are to be able to purchase the products of industry.



THE LAST OF A LONG LINE

—Elderman in Washington Post

law that will impair the obligation of existing contracts, and a state insolvency act is of no avail as to obligations of the debtor incurred before its passage. . . . Relief must come from Congress if it is to come from any one."

### Socialist Convention

The Socialist party, largest of the minor parties in the United States, held its convention in Cleveland last week. Norman Thomas, one of the leaders of the party, was nominated as the Socialist candidate for president, and George A. Nelson, described as a "dirt farmer" from Wisconsin, was nominated for the vice-presidency.

The party, this year, is having many troubles. It faces the prospect of losing many of its supporters to President Roosevelt, although speakers at the convention took pains to make clear that the New Deal is anything but socialistic. They declare that the Democrats have done more for the workers than their predecessors in office, but they contend that the people have a right to expect a great deal more, that Mr. Roosevelt is merely trying to patch up the capitalist system and that he is bringing the nation no nearer to a new social order.

Another problem arises from a split in the ranks of the party itself. The left-wingers, led by Thomas, who advocate more radical and more forceful action, are opposed by the right-wingers, who favor the more moderate, democratic procedure. The right-wingers are in a considerable minority, but by withdrawing their support of the party they have weakened its position. They are forming a Social Democratic Federation of their own, and may place a national ticket in the field.

It is unlikely, therefore, that the Socialists will poll more votes in November than they did in 1932, when they obtained 884,781 votes.



THE FIVE  
The Socialist party stole a march on its Republican  
Cleveland

# The United States

## Doing, Saying, and Thinking

and thus maintain prosperity. Because of the labor policy he has maintained among his own employees and the leadership he has exerted in trying to improve the lot of workers, he has become generally known as a liberal. He is one of the prime movers in the co-operative movement in this country.

Last week, Mr. Filene resigned from the United States Chamber of Commerce, an organization of which he was one of the original founders. The reason for his withdrawal was that the Chamber is a "potent center of reaction," and "has become an organization of businessmen, instead of an organization of business, in order to promote the views of prominent members." The Boston merchant gave eight reasons for resigning, charging among other things that the Chamber refuses to pay attention to the findings of research, persistently opposes wage increases without which there can be no prosperity, alienates progressive leaders, and lacks interest in the needs of business in general.

### G. O. P. Pleased

Though Republican party leaders privately admit that their chance of defeating President Roosevelt in November seems rather slight at the present time they are making capital of every occurrence to bolster Republican support. Last week, two things took place which they regard as advantageous to their cause. One was the decision of Governor Herbert Lehman of New York not to run again for office. Mr. Lehman has twice been elected head of the largest state in the union and in 1934 he obtained the largest majority ever given to anyone seeking that office. The governor has, therefore, been regarded as an important vote-getter for the Democratic faction. His decision to retire from politics may mean, according to Republican interpretation, that President Roosevelt will be unable to carry the state in the national elections.

The second incident from which the Republicans take comfort grew out of an address by Postmaster-General Farley at Grand Rapids, Michigan. While defending the New Deal, Mr. Farley took occasion to deride the candidacy of Governor Landon of Kansas. He doubted that the governor knew anything about national problems, he charged him with being an unknown entity whose name is now prominently mentioned for the Republican nomination "because he was elected governor of a typical prairie state." These last words were interpreted by Kansans as a blot upon the fair escutcheon of their commonwealth. They

asked whether a prairie state was any the worse for having prairies and why it was not as capable of growing presidential timber as it was lush in wheat and corn. The Republicans have meanwhile been using Mr. Farley's reference as an argument against returning the Roosevelt administration to office.

### Relief for Mormons

The Church of Jesus Christ of Latter Day Saints, popularly known throughout the world as the Mormon Church, has taken steps to remove all needy members from the government's relief rolls and to take care of them itself. The plan was announced last week by J. Reuben Clark, of the first presidency of the church and formerly United States ambassador to Mexico.

At the present time, there are about 88,000 Mormons on public relief, and by the first of October, the church hopes to have transferred them all to its direct charge. All members of



—Photo by Charles G. Mulligan

UNKNOWN BUT NOT UNSUNG  
Memorial Day again brought tributes to the memory of those who sacrificed their lives nearly a score of years ago.

precipitated. It can be used in the making of oil, soap, paint, celluloid, candles, printing inks, glycerin, linoleum, rubber substitutes, and numerous other products.

The soybean is beginning to become a source of profit to many farmers. In 1909 the value of the soybean crop was only \$17,000. In 1935 it was \$34,000,000. The harvested acreage last year amounted to 5,211,000.

### Moley Warns

Raymond O. Moley, former "Brain Truster No. 1," and now conservatively inclined editor of the magazine *Today*, is worried about the so-called radicals in the Democratic party. In an address before the National Economy League, he warned President Roosevelt to beware of radicals in his party lest they "use the political power that his moderate reforms provided in the earlier and more popular days of his administration to destroy him, to destroy moderation, and to destroy the very system that he attempted to improve."

Mr. Moley foresees three dangers: He fears that the federal relief agencies will become political machines to keep state and local politicians in office; that Congress will over-indulge in "muckraking, maulauding expeditions which destroy the liberty of all the people while they seek to restrain the abuses of a few"; that "clumsy and incompetent administration" and "unsound financial policy" will prove the ruin of the New Deal.

### In Brief

The extent to which business in the United States is recovering from the depression has been reflected in the announcement of the Chrysler Motor Company that hourly wage rates for its employees are to be increased by five percent, amounting to an annual increase in wages of over \$5,000,000. Since wages usually lag far behind profits, this increase is evidence of the sustained improvement which business has been experiencing.

\* \* \*

A zeppelin service between Japan and the United States seems a probability in the near future with the announcement that a Japanese company has been formed to finance the project. It is hoped to have two zeppelins making the transpacific trip, capable of flying from Tokyo to San Francisco in five days.

\* \* \*

The tenth competitive high school examination on the League of Nations has been won by Louise Morley of the Hunter College High School in New York City. As a reward for her outstanding knowledge of international affairs, she will be given a trip to Europe this summer, including a visit to Geneva where she will be able to see at first hand how the League of Nations functions.

Miss Morley, an honor student at the school in which she has been preparing for entrance, this fall, into Bryn Mawr College, is the daughter of the well-known writer, Christopher Morley, and a niece of Felix Morley, now editor of the *Washington Post*,

formerly head of the Geneva office of the League of Nations Association. He has written a comprehensive volume on the League.

\* \* \*

An "Encyclopedia of the Negro" is being planned by a group of educators in the United States. The encyclopedia will deal with all phases of Negro life and history in Africa, the United States, and other places where Negroes live.

\* \* \*

A plan has been proposed by Representative William I. Sirovich of New York for uniting Canada and the United States under one flag. Mr. Sirovich believes that great advantages would accrue to both countries out of such an arrangement. Whether Canada would look with favor upon this notion remained in no doubt when Premier Hepburn of Ontario said: "While we have the greatest admiration for the United States, I don't think we desire to be Americanized."

### Names in the News

Governor James Curley of Massachusetts created a Yankee tempest recently when he



WINNER

Louise Morley of Roslyn Heights, Long Island, whose winning essay in a League of Nations Association contest has won her a trip to Europe.

tried to put a bill through the state legislature which would give him the power to retire judges "because of advanced age or mental or physical disability." The governor has been accused of trying to import dictatorship into the commonwealth.

\* \* \*

Owen D. Young, president of the General Electric Corporation, in accepting a medal of the Society of Arts and Sciences awarded him for his work in promoting friendly international relations, maintained that the troubled world situation is only temporary and that in the long run peace will be pursued by all nations.



© Acme

Democratic opponents by holding their convention in land of May,

## Historical Backgrounds

By David S. Muzzey and Paul D. Miller

### The "Revolution of 1800"

**W**ITH this issue of THE AMERICAN OBSERVER, we alter our plans slightly. The feature which we call "Historical Backgrounds," will be discontinued in the form it has taken during the course of the school year, to be resumed with the first issue in September. At that time we shall again take up our discussions of the main trends and developments in American history and show their relationship to present-day problems. We shall follow the historical events chronologically, so as to discover those elements of permanence in our history. In this way we hope to develop historical perspective and to see the present as a part of a larger social pattern. This has been our purpose during the course of the school year which has just come to a close.



DAVID S. MUZZEY

Opposed to this school of economic thought (and it was really the quarrel between Hamilton and Jefferson that led to the split into two opposing political parties) were those who stood to receive few benefits from the financial policies inaugurated under the Washington and Adams administrations. The small farmers and the mechanics feared strong government. They wanted a loose financial policy which would enable them to pay off their mortgages and other debts more easily. And since the Revolutionary War had left practically all the landowners heavily in debt, they were naturally opposed to the Hamiltonian system of assuming the repayment of government paper, state and Confederate, at its face value.

#### Important Campaigns

For the next 12 weeks, we shall follow another outline. Since this is an election year and we will soon be in the thick of a political campaign, which is likely to be one of the most important in our history, we have decided to go back through the pages of history and pick out 12 of the important presidential campaigns of the past. We shall attempt to stress more the issues upon which the people of the nation were divided than the personalities that figured in the struggles for power. In this way, we hope to be able to place the present campaign in its proper perspective and to enable our readers better to understand that chapter in our history which is now in the making.

It is appropriate, we believe, to begin this series of discussions with the campaign of 1800, often referred to as the "revolution of 1800." In more ways than one that campaign offers a logical starting place for a series of this kind. In the first place, it marked a definite change in the philosophy of government, as the issues involved were sharp and real. Secondly, it was the first time in our history that the political parties were firmly established and really played a significant part in the election of a president. Finally, the philosophies of government which were brought to the fore in that campaign have, to a considerable extent, persisted with us to the present day, and have become especially potent factors in the political controversies of the campaign we are now entering.

It should be remembered that until the election of 1800, the Federalists had been in control of the national government. They were the conservatives of their day. It was due primarily to their influence that the Constitution was finally adopted and the national government given greater power than it had enjoyed under the Articles of Confederation (if it can be said that there was a federal government during that early period). They had put into office both Washington and Adams and had carried into effect the policies of Alexander Hamilton.

#### Philosophy of Federalists

In so far as the country was divided along economic lines in 1800, the Federalists represented the interests of business. The manufacturers had gained by a stronger form of government because it made possible the erection of a tariff wall which shut out the manufactured goods of the British. Federalist commercial policy, dictated by Hamilton, played directly into their hands because it enabled budding industries to thrive and new ones to become established without fear of foreign competition. Federalist policy also helped the creditors, those who had bought bonds during the Confederation, because it meant that they would

be repaid. The financial policy helped both creditors and merchants, for it meant that a currency with a fixed and stable value would enable them to carry on business and that their debts would be repaid in currency on the value of which they could clearly depend.

The whole basis of the Hamiltonian philosophy was to further the interests of business; in a word, to make of America a great industrial nation. "It was not merely the payment of the debt that Hamilton had in mind," says Charles A. Beard in speaking of the Hamiltonian economic philosophy; "on the contrary, the sharp stimulation of capital—banking, commerce, and manufactures—was an equally fundamental part of his system." Without such a policy, it is highly doubtful whether American capitalism would have got off to such a flying start, for it would have been impossible for the business community so quickly to get on the up side of the economic scale.

Opposed to this school of economic thought (and it was really the quarrel between Hamilton and Jefferson that led to the split into two opposing political parties) were those who stood to receive few benefits from the financial policies inaugurated under the Washington and Adams administrations. The small farmers and the mechanics feared strong government. They wanted a loose financial policy which would enable them to pay off their mortgages and other debts more easily. And since the Revolutionary War had left practically all the landowners heavily in debt, they were naturally opposed to the Hamiltonian system of assuming the repayment of government paper, state and Confederate, at its face value.

#### Jefferson's Program

The party which Thomas Jefferson led in the election of 1800 was bitterly opposed to the policies that had been carried out under the Federalists. Jefferson himself had a bitter distaste for industry. He wanted America to remain a land of agriculture, in which nearly everyone would own enough land

on which to make a living. "For the general operations of manufacture, let our workshops remain in Europe. It is better to carry provisions and materials to workmen there, than to bring them to the provisions and materials, and with them their manners and principles. . . . The mobs of great cities add just so much to the support of pure government, as sores do to the strength of the human body."

The economic and political philosophy behind Jeffersonian Democracy, reduced to its simplest terms, meant "the possession of the federal government by the agrarian masses led by an aristocracy of slave-owning planters, and the theoretical repudiation of the right to use the government for the benefit of any capitalistic groups, fiscal, banking or manufacturing," according to Dr. Beard in his "The Economic Origins of Jeffersonian Democracy." This theory of government and economics was diametrically opposed to that which had previously held sway, which also reduced to its simplest terms, meant that "stability and prosperity could only be assured by identifying government with the interests of the capitalist class," according to the interpretation of Herbert Agar in his "The People's Choice."

Thus we have the great cleavage of the parties in 1800. Very frequently it is the political side of the Jeffersonian system that is emphasized; that is, the concept of political democracy. It is true that Jefferson did want the bases of government to be broadened, to make the government more truly representative of the wishes of the people rather than of the intellectual and financial elite. But the economic aspect, the desire to keep America agrarian, to make it a land of small farmers and workers, relatively independent, with the extremes of both wealth and poverty eliminated, was even more important so far as the future of the nation was concerned.

#### Was It a Revolution?

Jefferson came into office with a clear mandate to inaugurate definite reforms, to undo much of the work that had been done by the Federalists. He was the spokesman for agrarianism and the opponent of business. On the political side, he succeeded; on the economic side, he failed. In the latter sense, the "revolution of 1800" was no revolution at all. When Thomas Jefferson left office, the business community was more firmly entrenched than ever. And

some of the policies of Jefferson were directly responsible for the economic trend of those eight years. By the embargo act, he dealt a severe blow to agriculture, for it was the farmers who suffered. Their crops were allowed to rot because they could not be sold abroad. At that time, the manufacturers sold practically nothing to foreign countries, and the embargo on imports gave a great impetus to the factory system by accomplishing, a hundred times better, what the tariff was designed to accomplish. Only in the newly opened West, did the Jeffersonian system seem to succeed, for there one found political democracy with economic independence. But in the East, business was becoming more solidly placed in the saddle, never to be unhorsed.

The significance of the Jeffersonian era, viewed in its perspective, was, therefore, that it resulted in broadening the political bases of society, while failing in any way to broaden the economic bases. In spite of all the protestations of the Jeffersonian school in 1800, the economic foundations were narrowing and society was becoming more and more divided into landless workers and owning producers. As Mr. Agar points out in his "Land of the Free," we were "preparing a hideous combination of the Jeffersonian and Hamiltonian plans. Hamilton had offered us an economic oligarchy and a political oligarchy to go with it. Now we were preparing to take Hamilton's economic oligarchy and marry it to Jefferson's political democracy, producing a combination that nobody had ever pretended would be good."

## THOUGHTS AND SMILES

Then there's the millionaire who feared kidnappers but didn't want to hire bodyguards; so he started a rumor he was in the market for some insurance. —LIFE

We all wish to be let alone when we are well and prosperous. But how few of us wish to be left alone when we are in distress!—Donald A. Richberg, former NRA administrator

American poultry experts claim that eggs can now be produced with yolks of any color to match gowns. Or, of course, waistcoats. —PUNCH

When a man is campaigning we wonder where all the money comes from, and after he is elected where it all goes to. —AMERICAN LUMBERMAN

A new hotel in Singapore has a special room for silent meditation. It is said that one guest sat in it for days trying to think his way out of the place without paying his bill.—JUDGE

It is not enough that motion pictures be decent. They must come to grips with modern realities. We need movies about things that matter.—Edgar Dale, Ohio State University educator

The average citizen has just about reached the point where he can't sleep well at night if some new crisis hasn't bobbed up during the day. —Oskaloosa (Iowa) HERALD

Europe lives through one crisis after another. At the end of each, catastrophe seems to come nearer, and an increasing effort is made to produce more efficient weapons of slaughter and destruction. —Geo. Lansbury, English labor leader

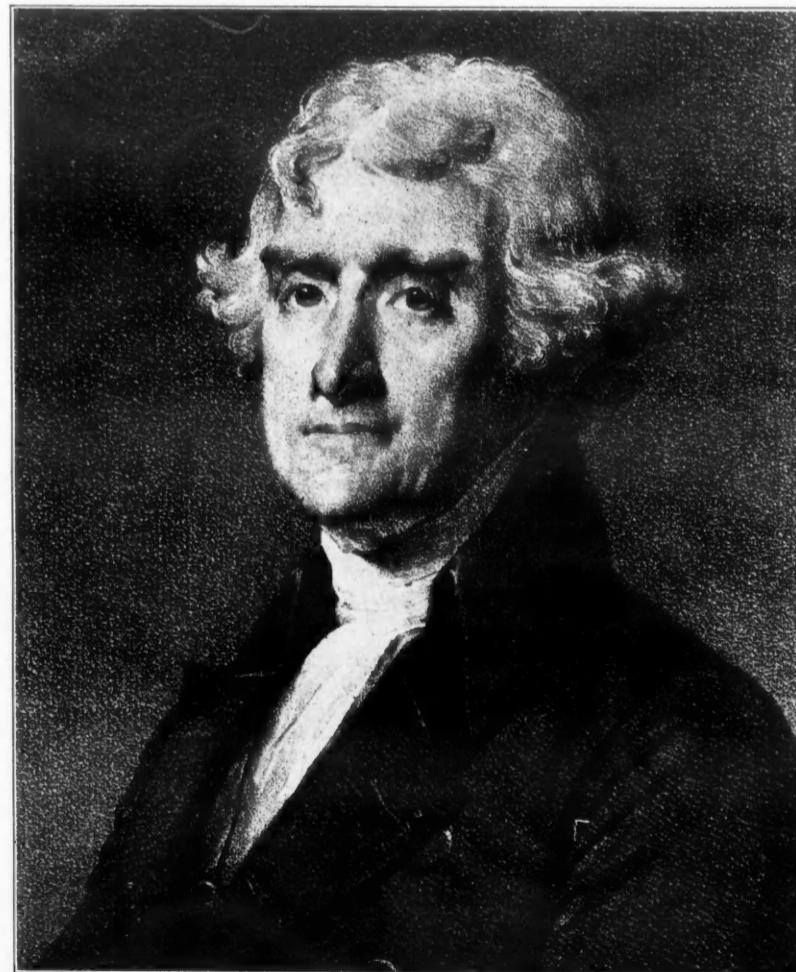
Senator Elmer Thomas wonders how Alf Landon can run for president and keep both feet on the ground. The senator forgets that the free soil of Kansas gets around the country a great deal. —NEW YORKER

In all our experience we have never met a businessman who wasn't sure he could run our business almost as well as we were confident we could run his. —Hutchinson (Kans.) NEWS

The farmer can control his own problems in the machine age only by utilizing self-help instead of counting on government support for every need. —L. J. Taber, master, National Grange

Eels at the aquarium in New York City are found to generate 300 volts of electricity. It virtually makes the aquarium one of those nefarious holding companies. —Troy RECORD

In a theatrical weekly, a crooner advertises that he is at liberty. It is not known whether he wishes work or is merely taunting a posse. —Detroit NEWS



THOMAS JEFFERSON

© Ewing Galloway



EMMA CALVÉ

Illustrations in "The Metropolitan Opera, 1883-1935"



ENRICO CARUSO

## Among the New Books

### Metopera

"The Metropolitan Opera: 1883-1935," by Irving Kolodin (New York: Oxford University Press. \$3.75).

FOR over half a century, the center of opera in the United States has been the Metropolitan Opera Association of New York. There have been other operatic groups in various American cities but none has been able to maintain as consistently high an artistic standard as the New York organization. It is regarded among the finest in the world. Its programs have borne such names as Jean de Reszke, Chaliapin, Emma Calvé, and above all, Enrico Caruso.

Nor is it music alone with which the Metropolitan Opera must be associated. Its history is closely interwoven with the rise of wealthy families in America; in fact, it was the attempt of a small group of men to gain social prominence which led to its formation in 1883.

These facts are interestingly recorded by the author. He gives the most complete account that has yet appeared of the Metropolitan's history. He describes famous opening nights, reveals the company's financial sheets, gives due importance to the part it has played as a stage where social prestige strutted its way.

In conclusion, Mr. Kolodin discusses the revolutionary changes which have taken place in the Metropolitan during the last few years, as the result of an increasing interest in opera on the part of the American public.

### Writing English

"Sentence Paragraph Theme," by John B. Opdycke (New York: Thomas Y. Crowell Company. \$2.50).

THIS text in English composition is intended for students beyond secondary school. It assumes that the student already has a knowledge of the fundamental principles of English grammar and seeks only to help him apply those principles in the most effective way.

Stating his belief that the three fundamentals of the learning process are precept, pattern, and practice, the author makes his text consist of definitions of accurate usage, examples from the great prose writers in English literature, and abundant exercises. With rigid logic he follows this method through the structure of the sentence, the paragraph, and the theme. He first gives very helpful suggestions for acquiring brevity, coherence, and grace in the separate sentence. Then he shows how a whole paragraph may be built up to enlarge upon a single thought. The words and phrases become sentences, the sentences grow into paragraphs, the paragraphs finally become the completed theme. Each of these parts has its function. It must contribute to the central idea. Its particular form of expres-

sion must vary so as to avoid the monotonous, yet it must be so balanced that the central idea will not for a moment be submerged in either a mass of detail or too rich a language. This text should be of great help in arriving at this delicate balance.

Credit is due Mr. Opdycke for his admission that no suggestions or rules are absolute, that they are all subject to understanding change. No artist has ever written a masterpiece by burying his nose in a book of grammar. But it is equally true that no artist has ever been able to make use of the infinite variety to which the English language lends itself until he has mastered, consciously or otherwise, the basic principles of coherence, clarity, and economy.

### "—by Robert Benchley"

"My Ten Years in a Quandary—And How They Grew," by Robert Benchley (New York: Harper and Brothers. \$2.50).

IT HAS been said of Mr. Benchley that his spirit is willing enough but that the flesh of his wit is weak. This judgment is only partly true. At times he is hilariously funny, as when he tells of all the replies he would like to make to a cross-examining attorney or when he gathers his own anthology of Chinese maxims. It is true, however, that what he regards as humor is sometimes only silliness.

Yet this occasional shortcoming can readily be overlooked. In this depressed world it is good to know that there is someone who looks at life not too seriously, a humorist clowning in the wilderness, whose every grain of sand serves him as a stooge.

To appreciate Mr. Benchley, you must be prepared to accept a host of incongruous matters. He always presents you with the unexpected. Witness his most disturbing worry of the past five years. He is troubled by the thought that railroad companies, now that they have gone in for streamlining, will try to palm off an old pullman car on him. He waxes wrathful with the thought of it. As it is, he says, he has little enough room in his closet to put his clothes, let alone a whole pullman car. And he serves notice that under no circumstances will he permit himself to accept any such gift.

And so on through 360 pages, pointedly illustrated by Gluyas Williams.

### Anti New Deal

"Democratic Despotism," by Raoul E. Desvergne (Dodd, Mead & Company. \$2).

OF THE writing of political pamphlets there can obviously be no end until after the elections in November. The recent deluge of biographies of possible Republican candidates is now being followed by books dealing with platform issues. Of the many volumes published, the one under

discussion deserves notice because it presents essentially the objections being voiced against the New Deal. After defining what he terms the body, soul, and conscience of Americanism, the author contrasts them with ideas prevailing in other lands, with Nazism in Germany, Communism in Russia, Fascism in Italy, and Kemalism in Turkey. He shows how the traditions of American history utterly reject all these foreign political ideas. Then, quoting prominent members of the New Deal, he endeavors to show a similarity of their ideas with those existing in Germany, Russia, Italy, and Turkey. In conclusion, there is a passionate appeal for the defeat of the New Deal.

If it were not that Mr. Desvergne speaks for a powerful group in America, his words might be dismissed as of little consequence. But since he is on the executive committee of the American Liberty League and may be presumed to express that group's opinion, they deserve attention if only to make clear the type of thinking prevalent in those circles.

### With the Magazines

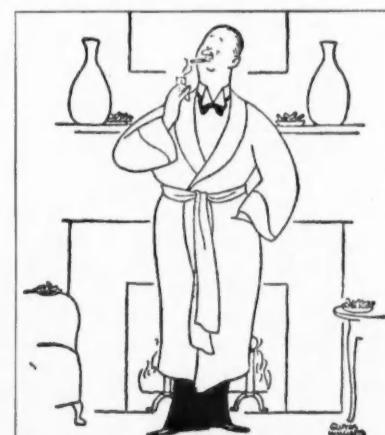
"An Epistle to the Discontented," by Leo Pleyer. *Living Age*, May, 1936.

LEO PLEYER was at one time a member of the Nazi party in Germany and leader of a youth movement. He believed that only through the aims of the National Socialist party could his country be regenerated. Now he is disillusioned. And in this letter, which was suppressed in Germany, he calls on the youth of his country to fight for the principles which he claims Hitler has betrayed. The present government, he maintains, has done nothing to realize the ideals of a new Germany. The big industrialists and landowners have not been displaced. The peasantry has not been relieved of its poverty. It is amazing, he notes, that Germany should be so opposed to Russia, while trying to cultivate cordial relations with France and Britain. These latter countries have the type of social institutions against which the Nazis were supposed to have rebelled in Germany. If Hitler were really sincere, the writer continues, he would be friendly to the Soviet state, where the people are trying to build a new kind of civilization.

"The Syrian Struggle," by Hans Kohn. *Asia*, June, 1936.

THE events which led to the serious uprising in Syria last winter are described in this article by Hans Kohn. At the close of the World War, this country was given to France to be ruled under a mandate until the Syrians should be capable of ruling themselves. But the French government, according to the writer, hindered every progressive move in this colony. It purposely divided the land into several distinct states in order to prevent the people from becoming unified. It gave no encouragement to the development of industry. It did little to further education. France simply wanted to keep Syria for her own profit, to provide jobs for French officials, and to have a market for French manufactures.

Several times resentment against this type of authority broke out in bloody riots and on each occasion the French rulers suppressed the outbreaks ruthlessly. But in the



DRAWINGS BY GLUYAS WILLIAMS FOR "MY TEN YEARS IN A QUANDARY."

past five years there has been evolving a strong nationalistic sentiment in Syria which has succeeded in bringing together all the Arabs. Determined to fight the mandatory power until the finish, the nationalist leaders called a general strike last winter. For weeks all activity in Syria stopped. Stores were closed, factories were shut down, and farmers refused to till the soil for their landlords. Finally, the French government was forced to capitulate, by promising a greater measure of independence to the Syrians. Mr. Kohn believes that if Syria will now be permitted to work out her economic and social problems without hindrance, she may become the leading Arabic land.

"They Hate Roosevelt," by Marquis W. Childs. *Harpers*, May, 1936.

MARQUIS W. CHILDS thinks that a most curious thing is taking place in the United States with respect to President Roosevelt. There have always been those who oppose the policies of a chief executive. But never, the author maintains, has there been so positive a dislike for any of our presidents as exists among the upper classes for Roosevelt. It is not merely that they condemn his administration. They hate him personally and they express hate with fury and passion. Wherever one happens to be, in clubs, at dinners, at social gatherings, one meets with this personal denunciation of the President and with the whispering of false rumors about him.

The writer is unable to account for this phenomenon. He points out the fact that if anyone ought to approve of Roosevelt, it is the rich. Profits have been higher than



at any time since the beginning of the depression and in some instances even higher than in the boom years. Business has made amazing strides in recovery. Nevertheless, it is the business elements which have been most opposed to the New Deal.

### SOMETHING TO THINK ABOUT

1. What is the main cleavage between the Roosevelt theory of recovery and that of most conservative business leaders? Which position do you share? Defend your position.

2. How do you account for the fact that there has been a considerable degree of recovery without an appreciable decrease in the total amount of unemployment?

3. How has England's position in the Near East been jeopardized by recent events?

4. In what way does Britain's problem with respect to Egypt differ from her problems in Palestine? Why may it be said that there is no easy solution to either problem?

5. In your opinion, was the so-called "revolution of 1800" really a revolution in the economic sense? in the political sense?

6. How have Estonia, Latvia, and Lithuania been affected by recent developments in Europe?

7. On what grounds did the Supreme Court declare the Municipal Bankruptcy Act of 1934 unconstitutional? Do you agree with the reasoning of the majority decision or the minority decision?

**PRONUNCIATIONS:** Léon Degrelle (lay-on-o as in go-duh-greh'l'), Miguel Mariano Gomez (mee-gail' mah-ree-ah'no go'mays'), Fulgencio Batista (fool-hain'see-o bah-tees-tah).

# The Dilemma of Unemployment Despite Rising Tide of Recovery

(Concluded from page 1)

during the course of the depression. According to the definition of Mr. Nathan, an unemployed person, in the sense of these statistics, is "one who is of working age, able and willing to work, and who normally would be employed but who is not currently engaged in a gainful occupation."

## Rise and Fall

Now, it is generally assumed that there was a certain amount of unemployment in the United States even before the depression began. Certain work is seasonal in nature, and there are months when a large number of the employees must remain idle. Again there are periods when individuals are shifting from one industry to another, thus finding themselves temporarily unemployed. According to the Nathan estimates, the peak of unemployment in 1929 was reached in the month of February, when nearly 3,000,000 workers were jobless. The low point of that year was reached in October, just before the crash, when there were just under half a million unemployed.

Unemployment increased rapidly during the last two months of 1929, following the stock market collapse. By January 1930, the four million mark had been reached; by September the five million; and by the end of the year, the total unemployed were estimated at nearly seven million. The end of 1931 saw the total to have passed the 10 and a half million mark, and a year later an additional three million had been added. During the first three months of 1933, unemployment continued to mount, until it reached its all-time high in March of that year with 15,071,000 classed as unemployed.

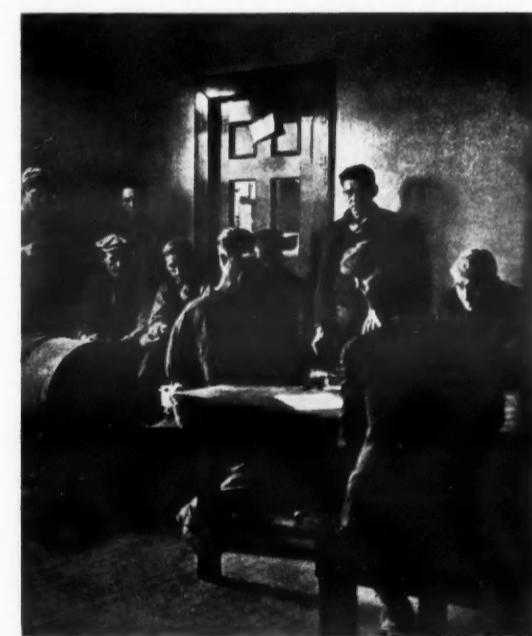
There can be no doubt that there has been a decided decrease in unemployment

The manufacturing industries have been responsible for the greatest amount of unemployment. In 1933, they were responsible for a third of the total, and while they had made considerable gains in reemployment, they were still responsible for about a fourth of the total last October. The building industry, the railroads, and mines and quarries, though they had reemployed considerable numbers, were responsible for a larger percentage of the total in 1935 than they were in 1933. Wholesale and retail trade rank third, with domestic and personal service coming fourth.

If one examines carefully the distribution of unemployment in the various industries, he finds that the so-called heavy or durable goods industries have been responsible for the greatest amount. By heavy industries is meant those which produce goods not immediately consumed by the public. Thus cement and iron and steel and machinery and all equipment used to produce other goods are placed in this category. These, in the main, are the industries that produce things that enable industries to expand and to increase their activities. Of the 11,324,000 persons who lost their jobs between 1929 and March 1933, the heavy industries accounted for 5,182,900, representing 55.8 per cent of all those employed therein in 1929. The consumer and service industries accounted for the remaining 6,159,100, but that number represented only 16.7 per cent of the unemployment in such industries in 1929. By October 1935, moreover, jobs had been restored to only 1,806,800 of the unemployed workers in the heavy industries, while 3,780,800 of the workers in the consumer and service industries had been reemployed. Although during the last year, there has been improvement in the durable goods industries, employment in January of this year was only 74.5 per cent of the normal figures (the average from 1923 to 1925), whereas employment in the manufacturing industries producing nondurable goods had reached 92.1 per cent of normal.

## Heavy Industries

From these figures, it is apparent that there will have to be a considerable amount of reemployment in the so-called heavy goods industries if we are ever to come near wiping out unemployment and doing away with the relief rolls. Just how that is to be accomplished is the big problem confronting both government and industry. There is the widest disagreement as to the proper method, and it is largely the difference of opinion between the Roosevelt administration and private business that has led to the hostility which has marked the relations between the two for many months.



UNEMPLOYED

From a photograph by F. Allen Morgan in "U. S. Camera—1935." (William Morrow and Company).

since March 1933. Mr. Nathan estimates that by October of last year (the last month for which his figures are given) unemployment had been reduced to 10,606,000. The American Federation of Labor figures (which for October were 800,000 above the Nathan estimates) show the 12,000,000 mark to have been passed during the early months of the present year. Despite the discrepancies which exist in the various estimates, there is no question that there are at least 10,000,000 persons unemployed in the United States today.

## Distribution

So much for the actual extent of unemployment. In which of the industries has unemployment been the heaviest? Which have made the most rapid strides since the recovery movement got under way?

start moving to fill the orders; they would hire more men, and the reemployment in these industries would help still further the industries that produce goods for the immediate consumption of the population.

In another way, the Roosevelt administration has attempted to spur recovery by increasing purchasing power. In a number of his more recent addresses, the President has called upon private industry to supply jobs to the unemployed. In Baltimore, on April 13, for example, he declared that "industry can contribute in great measure to the increase of employment if industry as a whole will undertake reasonable reductions of hours of work per week, while, at the same time, they keep the average individual's pay envelope at least as large as it is today." Such a course, it will be remembered, was the basic idea back of the NRA experiment.

## Rejection of Theory

The Roosevelt theory is rejected almost unanimously by business, which contends that unemployment can be reduced only if confidence is restored and private business has the incentive to expand. "The restoration of confidence" is their watchword, and it is found in almost every resolution passed by Chambers of Commerce and other business groups. One of the most logical of the spokesmen for this school of thought is Colonel Leonard P. Ayres, statistician and vice-president of the Cleveland Trust Company, who contends that "a condition of depression is not due to deficient spending by consumers nearly so much as it is to deficient spending by business, which always restricts its spending when the prospects for profits appear doubtful."

As a nation [Colonel Ayres continues] we have spent in this depression many billions of dollars of private and public funds to increase and spread individual purchasing power by advancing wages through the codes, paying bonus money to veterans and farmers, by lavish outlays for public works, and through huge spending for relief benefits. It is now becoming evident that as these funds are spent by the individual recipients they flow into business channels, and are used by businessmen in part to pay down indebtedness, in part to sustain slow-speed business operations, and in large measure to build up bank balances. They are not actively stimulating revival or rapidly reducing unemployment.

The great expenditures of public funds do not succeed in priming the business pump and stimulating recovery because they are mostly effective in sustaining the demand for consumers' goods which do not account for much of the unemployment, while other influences, chiefly related to doubts about profits and fears about money, continue to restrict the production of durable goods which do account for most of the unemployment among producers, and indirectly for most of the rest of the unemployment.

Here, in a nutshell, is the theory of those businessmen who oppose the Roosevelt program. Business will not take up the unemployment until it is able to expand, and it will not expand so long as there is in power an administration which creates doubts about the future of profits by tinkering with the currency, laying heavy taxes on business, conducting all sorts of experiments which interfere with and compete with private business. All these things stand in the way of the restoration of confidence, it is charged.

This is the main line of cleavage on the subject of recovery and unemployment. By no means does it represent all schools of thought on the subject. There is a considerable body of economists who contend that the introduction of labor-saving machinery has been so extensive and so effective as to make the future of employment extremely doubtful. The President himself seems to share this view, for he has contended that with our present machinery we could produce as much as we were producing in 1929 with only 80 per cent as many

workers. As a matter of fact, the efficiency of human labor has been greatly increased by the introduction of new machinery. It has been estimated by reliable economists that in manufacturing alone the productivity of labor has been increased 25 per cent since 1929.

## The Big Problem

Few people, therefore, doubt the reality of technological unemployment—unemployment caused by the replacement of human labor by machines. But here again there is disagreement as to its consequences. Conservatives, like Mr. Ayres, contend that those displaced by machinery in one industry are quick to be taken up in new in-



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From a photograph by Dorothea Lange, from "U. S. Camera—1935."

dustries. Their classic example is, of course, the automobile industry, which virtually destroyed the carriage-making industry a few years ago. But it offered employment to thousands of workers not only in automobile and tire factories, but in service stations, garages, oil fields and refineries, and so on. Such opportunities will be found in the future, these people contend, in such industries as air conditioning of buildings and railway equipment, airplane and bus transportation, and in the prefabricated house industry.

Many feel, however, that the possibilities of new industries are limited and that many of those now being displaced by technological changes will never be reemployed unless drastic changes are made in the whole industrial setup. As an example they cite the effect of technological changes upon American agriculture. This industry has been affected more seriously than any other as machines have replaced human labor. While the total number of people engaged in agriculture, lumbering, and fishing increased between 1870 and 1930, the proportion of such workers to the total number of gainfully occupied declined from 54 per cent in 1870 to 22 per cent in 1930. The percentage of workers engaged in other occupations all increased during this period. After an uninterrupted rise from 1870 to 1920 the proportion of workers in manufacturing and mechanical industries declined from 31 per cent in 1920 to 29 per cent in 1930. However, the proportion of workers in trade and transportation rose in the same decade from 25 to 29 per cent, and of workers in domestic and personal service from 10 to 13 per cent.

Those who believe that technological changes have had a permanent effect attack the problem from the purchasing power end, contending that the incomes of the great masses will have to be increased so that they may absorb all the things that industry is now able to turn out. Some of them advocate wage increases and the shortening of the workweek. Others favor a reduction of prices. Dozens of devices have been advanced. About the only thing upon which there is agreement is that something will have to be done.